Modernized bank reconciliation

Introduction

There are several reasons why companies should perform regular bank reconciliations:

• To protect against fraud.
• To catch internal errors and verify bank statements.
• To establish the accuracy and integrity of financial statements.

Bank reconciliation, simply put, is the process of comparing bank statements with internal records in order to locate, examine, and explain discrepancies. When performed manually, bank reconciliation is tedious, costly, labor intensive and error-prone.

Automation is the obvious conclusion. Leading financial institutions are now looking to eliminate spreadsheets and the manual processes used to support bank reconciliation, and adopt software designed to automate and streamline the process.

The key to successfully automating the bank reconciliation process involves easy communication between two different systems: the bank and the accounting software. Standard ERP provides this unique capability.

HansaWorld's advanced solution allows for both simple and complex reconciliation between systems without the need for costly custom programming.

Importing Bank statements from different sources

You can use the following methods to import your bank statements into Standard ERP:

• Bank statements can be imported through Yodlee, a cutting-edge account aggregation service that allows users to see their credit card, bank, investment and other accounts in one statement.
• Import bank statements directly in Bank reconciliation window using Import transactions button; file format should be specified on Bank record associated with Payment mode specified during import.
• Import bank statements as OFX, CSV or XML files using the 'Bank Transactions' import function in the General Ledger.
• In Estonia, SEB Bank Payments Cloud Service can be used to receive bank statements from SEB Bank into your Standard ERP database.
• In Canada and the US, American Express statements can be imported as text files using the 'American Express Statement' import function into the General Ledger.

In all cases, the information will be imported into the Bank Transactions setting in the General Ledger. A new record will be created in this setting for each transaction on the statement.

Fast and simple process

After importing your bank statement, you can use the Bank Reconciliation register to connect the transactions in your bank statement to the transactions in your Standard ERP database.

When opening the Bank Reconciliation register from the General Ledger, you will see a window listing transactions in two columns. These columns will attempt to match each transaction on the bank statement to a transaction in Standard ERP, as follows:

• The left-hand column will list the transactions on the bank statement.
• The right-hand column will contain an attempted match for each bank statement transaction. The match will be as follows:

  - If the bank statement transaction represents an outgoing payment, the matched transaction will be a Payment, Personnel Payment or General Ledger Transaction. The system will attempt to match the statement with already registered Payments marked as ordered.
  - If the bank statement transaction represents an incoming payment, the matched transaction will be a Receipt or General Ledger Transaction. The system will automatically create Receipts records with suggested invoices list matched.
  - The bank statement transaction and the matched transaction will be for the same amount.
  - The matched transaction will be from the period specified in the field at the top of the window +/- 1 day.
  - The matched transaction will be a transaction that posts to the Account specified in the top left-hand corner of the window.
  - If there is no match for a bank statement transaction, the right-hand column will contain the text "No Matching Data" and a 'Create' drop-down menu.
  - If the match is correct, you can reconcile the two transactions.
  - If there is no matching data for a bank statement transaction, you can create a new matching record.

When matching, system is checking:
  • for outgoing transactions: amount, supplier's name,
  • for incoming transactions: amount, transaction description, OCR number, customer's bank account, VAT or registration number.

The bank reconciliation process with Standard ERP is fast, accurate and easy.

If matching is correct, you can confirm all transactions marked by the system as matched by pressing 'Confirm All' button.

Summary

With increasing pressure to reduce closing time and improve financial reporting, finance departments need to eliminate spreadsheets and manual work, and adopt technologies that help to automate the process and eliminate the chances for errors, omissions and fraud.

Bank Reconciliation functionality in Standard ERP can help alleviate pain during the financial closing process, increase efficiency and reduce risk.

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